

## Message Text

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SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 USIA-15

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E.O. 11652: N/A

TAGS: ENRG, CA

SUBJ: ENERGY CONSERVATION PROGRAM

1. ENERGY MINISTER MACDONALD ANNOUNCED FIVE-PHASE ENERGY CONSERVATION PROGRAM IN HOUSE OF COMMONS ON FEB 6. HE EMPHASIZED THAT THESE WILL BE PERMANENT POLICIES APPLYING TO ALL FORMS OF ENERGY. IN SETTING STAGE FOR ANNOUNCEMENT, MACDONALD STATED: "THE WORLD WAS RIPE FOR THE ACTIONS OF OPEC, IT HAD BECOME SO BY UNTHINKING DEMAND GROWTH. THE WORLD WAS AT THE EDGE OF AN ERA WHERE ITS UNDISCIPLINED APPETITE WOULD FORCE IT TO TURN TO LESS ACCESSIBLE AND THEREBY MORE EXPENSIVE, ENERGY AND MATERIAL RESOURCES. THE ACTIONS OF OPEC PROPELLED US INTO THAT ERA WITH SUCH A SHOVE THAT WE ARE STILL TRYING TO REGAIN OUR BALANCE. THE SIGNIFICANCE OF THIS ANALYSIS IS THAT IT TELLS US THAT A BASIC CHANGE IN OUR ECONOMIC COURSE IS DICTATED. OUR NEW COURSE MUST BE THE INTELLIGENT AND CAREFUL USE OF OUR RESOURCES, IN A WORD, CONSERVATION."

2. FOLLOWING IS CAPSULE SUMMARY OF FIVE-PHASE PROGRAM:

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(I) FEDERAL GOVERNMENT IN-HOUSE CONSERVATION PROGRAM:

(1) REVISED OPERATING GUIDELINES FOR THE HEATING, LIGHTING AND COOLING OF GOVERNMENT BUILDINGS, INCLUDING IMPROVED STEAM PLANT EFFICIENCY AND BUILDING MODIFICATIONS;

(2) THE PURCHASE AND LEASE OF SMALLER AUTOMOBILES AND A SPEED LIMIT OF 55 MPH ON FEDERAL VEHICLES;

(3) REDUCTION OF PAPER USE, PURCHASE OF RECYCLED PAPER AND THE RECYCLING OF WASTE PAPER;

(4) NEW GUIDELINES FOR GOVERNMENT PURCHASE OF PRODUCTS FAVOURING ENERGY EFFICIENCY;

(5) A REVIEW OF EMPLOYEE SERVICES, INCLUDING A REDUCTION OF AVAILABLE PARKING TO INSPIRE MORE RELIANCE ON PUBLIC TRANSPORTATION, AND THE DESIGN OF MORE ENERGY EFFICIENT CAFETERIA SERVICES.

(II) CONSULTATION WITH PROVINCIAL GOVERNMENTS ON FEB 18 TO URGE TWO SPECIFIC MEASURES: REDUCED SPEED LIMITS AND REVISION OF ELECTRIC AND GAS UTILITY RATE STRUCTURES WHICH FAVOR HIGHER CONSUMPTION; AND WITH INDUSTRY IN LATE APRIL AND WITH LABOR "IN THE NEAR FUTURE" TO DEVELOP COMPREHENSIVE ENERGY SAVINGS PROGRAMS.

(III) PUBLIC INFORMATION AND ADVERTISING PROGRAM FOR 1975 TO INFORM CANADIANS ON NEED FOR CONSERVATION, TO PROVIDE INFORMATION ON HOW TO CONSERVE, AND TO CHANGE ENERGY USE ATTITUDES, I.E., TO ENCOURAGE A CONSERVATION ETHIC. (THE BUDGET FOR THIS PROGRAM IS \$1.3 MILLION AND "IF THE SUGGESTED MEASURES ARE FOLLOWED EACH HOUSEHOLD CAN REALIZE SAVINGS OF \$50 TO \$100 PER ANNUM".)

(IV) ENERGY CONSERVATION MEASURES (DESCRIBED AS "CORE" OF THE PROGRAM) CONSIST OF MANDATORY MEASURE AS WELL AS FINANCIAL AND INFORMATIONAL INCENTIVES. HIGHLIGHTS ARE:

(1) SPECIFIC PUBLIC EDUCATION IN AREA OF PURCHASE,  
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OPERATION AND MAINTENANCE OF RESIDENCES, COMMERCIAL BUILDINGS AND AUTOS.

(2) CONSUMER INFORMATION ON HOUSE APPLIANCES, CARS AND HOUSES.

(3) STANDARDS FOR INSULATION REQUIREMENTS, APPLIANCES AND INDUSTRIAL EQUIPMENT AND AUTO PERFORMANCE (RISING

MINIMUM MILES-PER-GALLON).

(4) TAX MEASURES: CONSIDERATION TO BE GIVEN TO RAPID DEPRECIATION OF INVESTMENT IN ENERGY CONSERVATION EQUIPMENT AND MODIFICATIONS; REMOVAL OF SALES TAX ON INSULATION AND CONSERVATION EQUIPMENT (I.E., HEAT PUMPS); IMPOSITION OF NEW TAXES ON INEFFICIENT APPLIANCES, AUTOS, CAR AIR-CONDITIONING, MOTORIZED RECREATIONAL VEHICLES.

(5) CONSIDERATION OF "REDIRECTION" OF GOVERNMENT SUBSIDIES AND INVESTMENTS TO IMPROVEMENTS IN RAIL SERVICES AND URBAN RAPID TRANSIT, AND LOANS AND GRANTS TO UPGRADE THERMAL EFFICIENCY IN COMMERCIAL BUILDINGS AND HOMES.

(6) STUDIES ON FURTHER FEDERAL AID TO URBAN TRANSPORTATION, METHODS OF TAKING LIFETIME COSTS, INCLUDING ENERGY COSTS, INTO ACCOUNT IN MORTGAGE LENDING, STRUCTURING FREIGHT RATES TO ENCOURAGE RECYCLING AND EFFICIENT TRANSPORT, THE RECOGNITION OF EXPLICIT CONSERVATION CRITERIA IN TRANSPORTATION POLICY DECISIONS, DEVELOPMENT OF ENERGY PERFORMANCE STANDARDS FOR BUILDINGS, THE IMPACT OF ADVERTISING AND CREDIT ON ENERGY CONSUMPTION, WAYS TO REDUCE PACKAGING AND DISPOSABLE ITEMS, AND SPECIFIC FEDERAL INTERVENTION TO ENCOURAGE RECYCLING.

(7) MISCELLANEOUS MEASURES WHICH INCLUDE TRAINING OF ENERGY INSPECTORS FOR THE RESIDENTIAL AND COMMERCIAL SECTOR WHO AMONG OTHER ACTIVITIES WOULD ENSURE THAT TOP QUALITY FURNANCE SERVICING IS BEING PROVIDED, A FEDERAL INTERDEPARTMENTAL COMMITTEE TO PROMOTE INDUSTRIAL ENERGY CONSERVATION, A CONVERSION TO RETURNABLE BEVERAGE CONTAINERS, MEETINGS WITH DESIGNERS, BUILDERS AND LENDERS TO PROMOTE BUILDING EFFICIENCY AND PROMOTION OF A "CANADIAN PACKAGE" OF ENERGY UNCLASSIFIED

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SAVING OPTIONS FOR AUTOMOBILES.

(8) PROVINCES/MUNICIPALITIES' MEASURES INCLUDING URBAN PARKING FEES, FLEXIBLE WORKING HOURS, REGULATION OF OUTDOOR LIGHTING AND AUTO LICENSE FEES.

(V) LONGER-TERM FUTURE: TRANSITION TO A "CONSERVER SOCIETY" BY DEVISING AND TESTING MECHANISMS THAT CAN BRING ABOUT A PHASED TRANSITION FROM A SOCIETY BASED ON PRODUCTION AND CONSUMPTION TO ONE BASED MORE ON SERVICES, QUALITY INSTEAD OF QUANTITY, AND "SHARING AND COMPASSION" INSTEAD OF COMPETITION.

3. MACDONALD STATED HE HAD INCLUDED NO ACTION OR PROPOSAL WHICH WOULD HAVE SUBSTANTIAL STRUCTURAL

EFFECT UPON THE ECONOMY OR ON CURRENT STANDARDS OF LIVING. EVEN SO, HE FORECAST THAT THE INVESTMENT BILL TO PROVIDE NEW ENERGY SOURCES OVER THE NEXT DECADE WILL EXCEED \$100 MILLION AND REQUIRE AN EXPENDITURE RATE OF 6 PERCENT OF GROSS NATIONAL EXPENDITURE -- DOUBLE THE RATE OF THE 1960'S. SAVINGS FROM FIVE-PHASE PROGRAM OUTLINED ABOVE, HE CONCLUDED, WOULD BE EQUIVALENT TO OUTPUT OF 12 TAR SANDS PLANTS (125,000 B/D CAPACITY AVERAGE) AND RESULT IN AN ENERGY DEMAND IN 1990 OF 20 PERCENT LESS THAN OTHERWISE FORECAST.

4. GENERAL PRESS AND OPPOSITION PARTY REACTION TO CONSERVATION PROGRAM IS THAT WHILE IT MAY BE A BEGINNING IT IS TOO LITTLE AND NOT ASKING ENOUGH OF CANADIANS. AS ONE ENERGY OFFICIAL COMMENTED TO EMBOFF, THE CONSERVATION PROGRAM AS ANNOUNCED WOULD BE MORE CREDITABLE IF IT WERE COUPLED WITH AN ANNOUNCEMENT OF HIGHER NATIONAL OIL PRICES TO DISCOURAGE CONSUMPTION.

5. BACKGROUND PAPERS WILL BE AIRPOUCHED WHEN AVAILABLE. PORTER

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## Message Attributes

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